

Living Income Event Day 2:

The Living Income
Community of Practice

Strategies for Closing the Gap

BaseCamp, Bonn, 31st January 2019

 #livingincomebonn



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As participants in this group, we need to be mindful of constraints of antitrust laws. During both the formal and informal parts of this meeting, participants shall not enter into discussions, agreements or concerted action that may have as their object or effect the restriction of competition. This prohibition covers the exchange of competitively sensitive information including, but not limited to, information concerning individual prices, production, sales, capacities, costs, rates, coverages, market practices, claims settlement practices, company level investments, or any other competitive aspect of an individual company's operation.

Each participant is obliged to speak up immediately for the purpose of preventing any discussion falling outside these bounds.

Thank you!

Living Income Event Bonn 2019



Dr. Stefan Schmitz
Deputy Director-General
and Commissioner
*"One World - No
Hunger" Initiative,*
German Federal
Ministry for Economic
Cooperation and
Development



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The Living Income Community of Practice

Facilitate learning and
exchange around
measurement

Understand the gap
between actual and
living income

Identify and discuss
strategies to close the
income gap

Learning across sectors
and helping organisations realise SDG commitments

Open community of practice

Sharing information about the efforts of different actors in this space

Learn more: www.living-income.com
Contact: adam@isealalliance.org

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SUSTAINABLE FOOD LAB

Workshop Objectives

Focus on three main areas:

- ✓ **YESTERDAY** - Promoting alignment on **best practices for measuring living income benchmarks, actual incomes** and **the gap** between the two.
- **TODAY** - Exchanging learning on the **effectiveness of strategies to close income gaps**.
- **BOTH DAYS** - Supporting **exchange** between **sectors working on farmer income**.

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Photo Credit: Sustainable Food Lab



Story of Closing the Income Gap

COCOA

- ICCO Living income on agenda, Berlin
- Cocoa Living Income Task Force
- Fairtrade living income reference price

TEA

- Malawi 2020 Tea Income work

VANILLA

- Living income & market volatility strategy

ALL CROPS

- AIDEnvironment GIZ Strategy paper
- Mars Farmer Income Lab launch and paper
- IDH 10 year event LI Workshop
- Oxfam LI Expert meeting
- G.E.S. Closing Income Gaps paper
- Improving Incomes paper (SFL + BFP)



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Reminder!

Living Income Activity billboard

- Write your name, organisation and contact details on a post-it (**if you are happy sharing these***)
- Add any relevant activities others should know about, a service you can provide, or a particular need.
- We will be crowd sourcing these over the coming days.
- They will be systemized and shared with the community following the event to help you make connections.



Adam Romo – ISEAL Alliance
adam@isealalliance.org

- Working to calculate living income benchmarks for cotton smallholders in India.
- We can provide input finance packages for smallholders.
- Looking for technical support on smallholder income measurement for our India study.

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Day 2 Agenda

MORNING		AFTERNOON	
09:15 09:45	FRAMING THE CHALLENGE	13:15 14:30	BREAKOUT 1: ROLE OF GOVERNMENT ACTORS
09:45 10:30	ROLES AND LEVERS OF DIFFERENT ACTORS		BREAKOUT 2: INCOME DIVERSIFICATION
10:30 11:00	Coffee break <i>Suggest your open space session for 13:15</i>		BREAKOUT 3: OPEN SPACE FOR YOUR TOPIC!
11:00 12:15	BREAKOUT 1: AFFORDABLE FINANCE	14:30 15:00	Coffee break
12:15	BREAKOUT 2: PRICING AND TRADING MODELS	15:00 15:45	UPDATE FROM TEA: Malawi 2020 Tea initiative
12:15 13:15	Lunch Break	15:45 16:30	BREAKOUTS BY SECTOR Cocoa, Coffee, Tea
		16:30 17:00	Closing remarks & Community of Practice looking forward

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Framing the Challenge of Closing the Income Gap and Approaches to Move Forward

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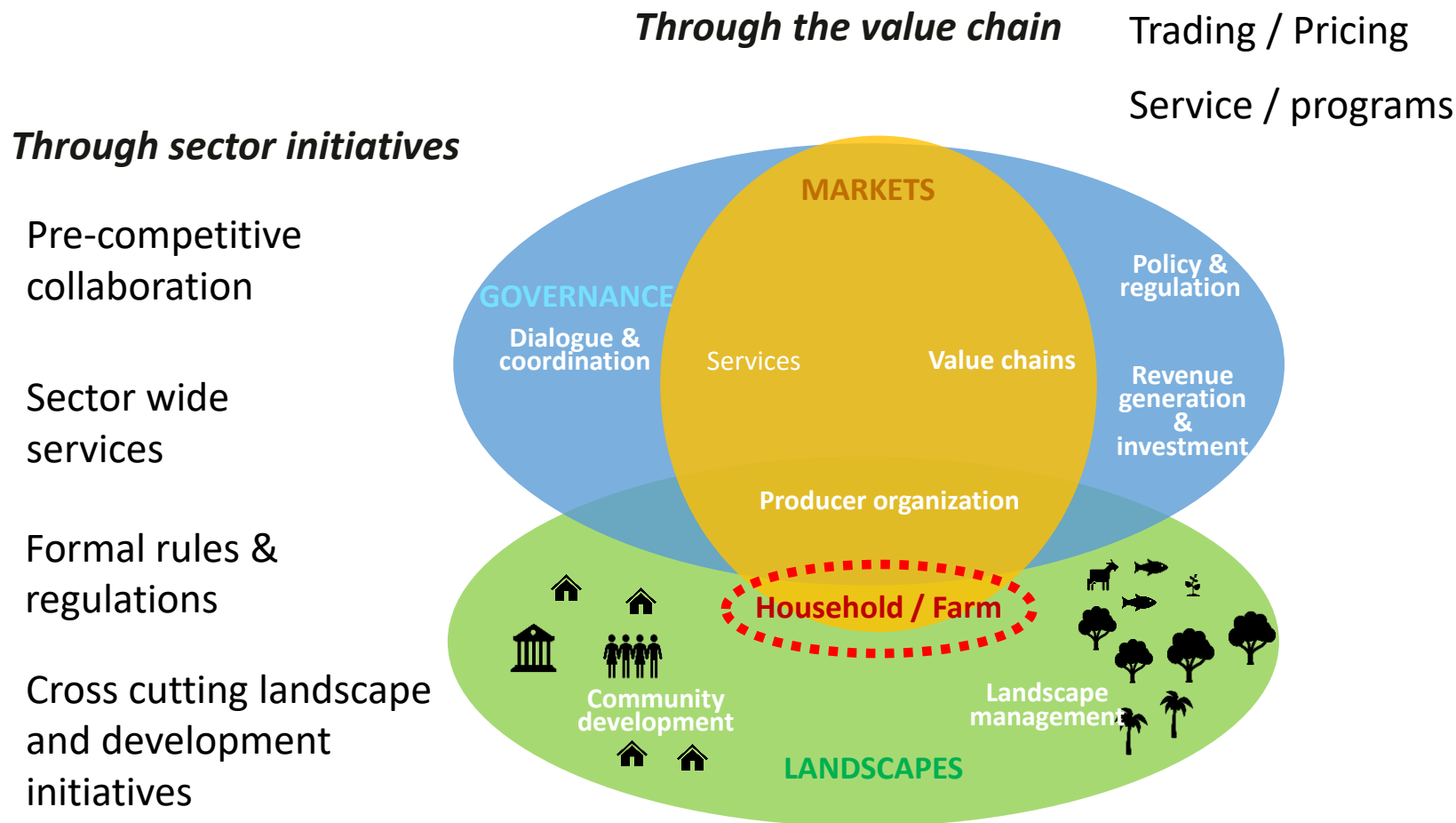
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There are multiple entry points to develop strategies to close income gaps



The specific strategies depend on your role and the farmers context

Enabling Services

- Inputs
- Finance / Savings
- Access to Markets
- Technical Services
- Insurance
- Producer Organizations
- Land Tenure

Value Chain Innovations

- Price Mechanisms
- Trade Structure
- Sustainability / Quality Premiums
- Service Delivery

Production / Household Income

- **Main Cash Crop Net Income** – price, yield, farm size, costs, quality, premiums, value addition
- On Farm **Diversification**
- **Off Farm Income**

Sector Governance

- Sector Price Mechanisms
- Product Promotion
- Reinvestment / Research
- Supply Management

Landscape

- Watershed / forest protection
- Community based income projects

**and of course Sustainable Livelihoods are more than just income – cash flow, resiliency, assets, gender and more matter.*

What works to improve farmers' incomes

More or less

January 31 2019, Joost Guijt

WHAT WORKS TO INCREASE
SMALLHOLDER FARMERS' INCOME?

A LANDSCAPE REVIEW

WORKING DRAFT FOR DISCUSSION – 2018

COMPLETED BY:



WAGENINGEN
UNIVERSITY & RESEARCH



100years
1918 — 2018

Why was this done, who did it

- Mars Inc. looking to achieve its Sustainable in a Generation plan
 - Do we know what's been tried and what works?
- Farmer Income Lab's role to answer this kind of question
- Done by
 - Wageningen University & Research: structured, rigorous process by neutral party)
 - Dalberg: make accessible for business audience
 - Oxfam: critical reflection and flanking research

Dimensions of income

- Has change been significant?
 - Under 10% not proven, over 50% getting there
- Is change structural?
 - Did it reach numbers that imply 'automatic' scaling?
 - Did it stick over time?
- Is change equitable?
 - What's the impact on women vs men?

Targeting interventions, working with robust evidence

- Longlist of 49 kinds of interventions
- Focused on 16 that:
 - Have lots of initiatives, high expectations
 - Long track records: best chance of evidence
- Documents from accredited publications and/or authors
- Looked for quantitative evidence with clear methodologies, defined sampling
- Distinguish “no evidence” from “evidence of no change”
- Focus on best proven results: what CAN be achieved

TABLE 3: ANALYSIS OF INTERVENTIONS

Category of Intervention	Description of Evidence	Relevant Interventions	Income	Scale	Durability	Gender
Category 1: High income impact demonstrated at scale	Evidence demonstrates income increases of 50%+ can be achieved for large numbers of farmers (5000+)	Poverty graduation programs	High	High	Medium	High
		Outgrower schemes / contract farming			Medium	Low
		Climate change adaptation			Low	Low
Category 2: Medium income impact at scale with demonstrated impact on income enabling factors	Evidence demonstrates 10-50% improvements in income across 5000+ farmers as well as strong performance of proxy indicators such as production or empowerment	Savings-led groups	Medium+	High	High	Medium
		Access to finance			n/a	High
		Producer collectives			n/a	Low
Category 3: Interventions with mixed evidence of impact across the selected criteria	Evidence demonstrates 10-50% income improvements. While these interventions may not be able to deliver 50%+ increases consistently, they can deliver positive results in specific contexts	Agro-corridors	Medium	High	High	Medium
		Productivity enhancement		Medium	Medium	Low
		Land tenure security		High	High	Medium
		Market information systems		Medium	Low	Low
		Crop insurance		High	Low	Low
		Farmer field schools		High	Low	Low
Category 4: Medium income impact with demonstrated limited impact on income enabling factors	Evidence demonstrates 10-50% income increases and limited change in other income enabling factors such as empowerment	Certification	Medium-	High	Medium	High
		Post-harvest loss prevention		Low	Low	Medium
Category 5: Interventions that did not show significant income increases	Evidence demonstrates these interventions deliver income improvements less than 10%, though they are highly scalable and could be part of a broader approach	Pricing arrangements	Low	High	Low	Low
		Input subsidies				

Top three: reflections

- Poverty graduation
 - From poverty baseline. No clear picture on reaching decent living
 - Not broad evidence base
- Outgrower/contract farming most convincing if:
 - Market driven
 - Full package of support
- Climate adaptation
 - Low income starting point in high risk areas
 - Strong impact on stabilising income
- All depend on RIGHT implementation

Can a difference be made?

- Income can be deliberately raised. It is not a given of market systems, but the result of how markets and business models are organised.
- None of changes seen get near to close an income gap across all dimensions. Simple intervention-based approaches are not sufficient.
- Structural causes need to be addressed in an integrated manner.



Success factors: tackling root causes

■ Bundling

- Implies that income-addressing approaches must tackle multiple dimensions in a deliberately integrated manner.

■ Customising

- Implies that approaches must deeply understand and target different farmer segments and contexts

■ Connecting

- Implies a need for coherence along value chains, not disengaging from them

■ Partnering

On pricing and diversification

- Price is critically influential on income. Plenty of evidence that temporary improved pricing leads to temporary jumps in livelihood. BUT:
 - Mechanisms studied don't set stable pricing at right level for structural, stable income improvement to make primary production an income mainstay
 - New pricing mechanisms are much needed
- Understanding farmers means understanding complex livelihood income strategies, making sure agriculture is a profitable dimension and enabling them as economic actors.

The role of lead firms?

- Fundamental shift in relationship with their supply base
 - Knowing and understanding farmers
 - Making them economic partners
 - Making decent income a business target
- Build capacity to diagnose root causes of low income for producers in their supply bases
- Build capacity to design appropriate strategies they can lead on, advocate for or support
- Understand the boundaries of what commercial agriculture can offer

What do we need to understand better?

- Success factors behind structural, systemic change.
- Meaningful income targets
- How to design for and deliver on the needs of women: commercialisation is an added risk
- Design and diagnosis tools
- What do stable long-term relationships with supply bases look like
- What to invest in beyond primary agricultural production to make in income difference

Thank you

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